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# ANNUAL REPORT

**FISCAL 1984**

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**DIVISION OF  
WORKERS'  
COMPENSATION**



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## PREFACE

The Division of Workers' Compensation has the mission of conserving the working person's earning power. It does this by:

Assisting employers' prevention of accidents and occupational disease,

Ensuring compensation to offset wage loss and medical costs due to accident, occupational disease and crime, and

Encouraging the retraining of workers who need to learn new work skills to overcome incapacities caused by accident or disease in the workplace.

This has been the mission of the Division (previously the Industrial Accident Board) since 1915, when the first compensation act was passed in Montana. This is the seventieth publication of the annual report and presents the Division's activities for the fiscal year ended June 30, 1984. For further information please direct your inquiries to Division of Workers' Compensation, 5 S. Last Chance Gulch, Helena, Montana 59601.

Gary L. Blewett  
Division Administrator

## SECTION I DIVISION ADMINISTRATION

The Division was created to administer several laws relating to the industrial operations in this state. These include the administration of industrial safety laws, as well as the payment of benefits to workers injured in the course and scope of employment. The laws set forth below are under the administrative jurisdiction of the Division, with reference made to the title and chapter numbers in the Montana Code Annotated:

### Industrial Safety

1. Occupational Safety Act, Title 50, Chapter 71
2. Safety in Mines Other Than Coal Mines, Title 50, Chapter 72
3. Safety in Coal Mines, Title 50, Chapter 73
4. Boilers and Steam Engines, Title 50, Chapter 74
5. Hoisting Engines, Title 50, Chapter 76

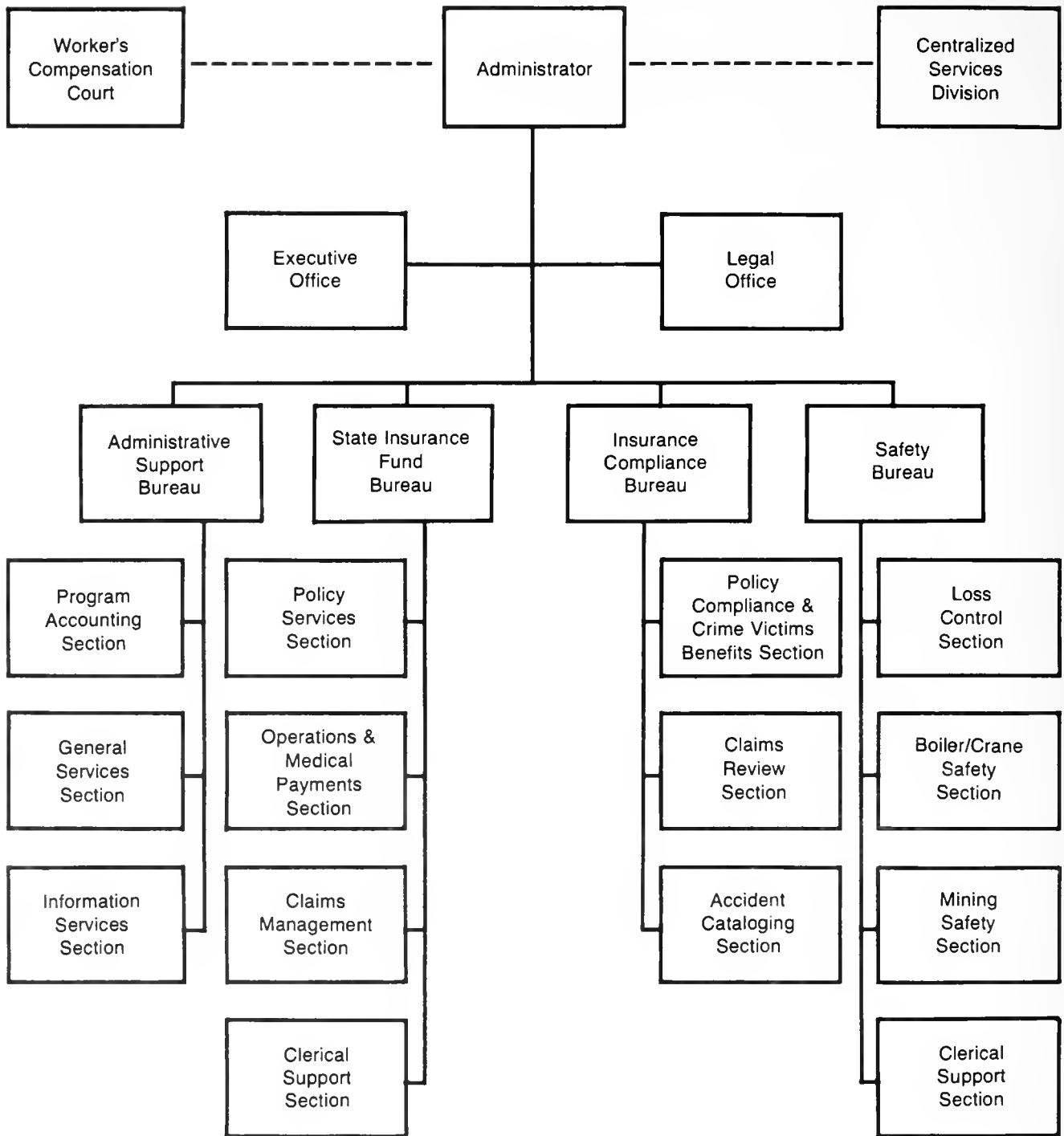
### Compensation Systems

1. Silicosis Benefits Law, Title 39, Chapter 73
2. Crime Victims' Compensation Act, Title 53, Chapter 9
3. Workers' Compensation Act, Title 39, Chapter 71
4. Occupational Disease Act, Title 39, Chapter 72
5. Referral of Disabled Workers for Vocational Rehabilitation, Title 39, Chapter 71

With the assistance of immediate supervisory personnel, the Division Administrator provides overall management to the Division.

The agency is divided into four major bureaus which provide the following services: Administrative Support gives needed overall support services to all bureaus and units; the State Compensation Insurance Fund operates a state administered insurance system which allows employers an option for obtaining workers' compensation insurance in Montana; Insurance Compliance reviews the payment of workers' compensation benefits by self-insured employers and private insurance carriers; and Safety administers the occupational safety laws.

DEPARTMENT OF LABOR & INDUSTRY  
DIVISION OF WORKERS' COMPENSATION  
FUNCTIONAL ORGANIZATION



PRINCIPAL OPERATIONAL PERSONNEL

Gary L. Blewett, Administrator  
 William R. Palmer, Assistant Administrator  
 Carla J. Smith, Chief, Administrative Support Bureau  
 Janice S. VanRiper, Chief, State Insurance Fund Bureau  
 Hiram Shaw, Chief, Insurance Compliance Bureau  
 Ed Gatzemeier, Chief, Safety Bureau

## MAJOR ACTIVITIES DURING FISCAL YEAR 1983-1984

### Administration Program

The Margaret "Peg" Condon building was completed ahead of schedule and occupied in early February. The building was designed to complement the character of Last Chance Gulch, and its color, form, scale, and detail all reflect the past. The building's placement not only enhances the vista of the downtown mall, but allows for a pedestrian awareness of vehicle traffic.

A limited but highly visible use of richly stained oak provides the "soft touch" in what is otherwise a modern office complex. The open array of modular workstations receive natural light both from windows on all sides and a three-story, skylighted atrium core.

The building is furnished with component worksites supported by a flexible panel system. Under-carpet, flat ribbon wiring for power, communications, and computers further adds to the flexibility of the modular system. Other equipment including an electrified high volume filing system and a modern computer system add to the efficiency of the office operations. Employees also benefit from a two-level parking ramp which is located near the site.

### State Insurance Fund Program

The Policy Services Section took advantage of the move to the new building by reorganizing the policy files into a terminal digit filing system. This filing system is similar to the claims filing system and helps reduce misfiled policies.

The Claims Management Section reorganized the claims units this fiscal year. Claims examiners are now assigned files on the basis of complexity of issues on the file and the geographic location within the state of the employer of the injured worker. This assures that the complex cases will be processed by the more experienced examiners.

### Insurance Compliance Program

The Bureau assisted claimants, insurance adjusters and carriers, employers, attorneys, and medical providers in interpreting and complying with the Workers' Compensation Act.

In doing this, the Bureau oversaw 15,509 accidents reported to private insurance carriers and self-insured employers, and the payment of benefits to injured workers, resulting from 2,832 new claims and 1,231 compensable injuries. Claims settlements on Plans I, II, and III, numbering 1,652, were reviewed for approval.

The Uninsured Employers' Unit conducted 897 investigations, assessed 176 penalties, and issued 25 closure orders.

The Policy Compliance Unit enrolled or renewed 215 private insurance carriers and self-insured employers covering 9,904 employers and distributed 3,355 informational signs.

The Silicosis Program provided benefits to 361 silicotics, widows, and dependents; the Crime Victims' Program compensated 175 innocent victims of crime who suffered injury or death; and the Accident Cataloging Unit processed 312,000 claims, employers' reports, and medical statements.

### Safety Program

The Consultation Section and the Training Section were combined to form the Loss Control Section, and the new section provides for inspections, consultations, investigations, and a full-scale loss control program for employers insured with the State Fund. This program provides an effective use of personnel in reducing accidents and injuries in the workplace. A total of 1,271 inspections/consultations were conducted.

Mining Section personnel conducted 279 metal, non-metal, and coal mine inspections. Other activities included 213 metal, non-metal, and coal safety training courses and testing of coal mine foremen for certification.

Boiler Section personnel conducted 1,919 activities which included boiler inspections, investigations, safety meetings, complaints, and testing of crane/boiler applicants.

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## SECTION II FINANCIAL REPORTS

Financial statements in this section show the activity and the condition of all funds in summary for the fiscal year ended June 30, 1984. These statements include a combined balance sheet for all fund types and account groups; combined statement of revenues, expenditures, and changes in fund balance for all governmental fund types and expendable trust funds; and combined statement of revenues, expenditures, and changes in fund balance-budget and actual-for general and special revenue fund types.

In addition, supporting schedules for all accounting entities except the State Compensation Insurance Fund are presented. They include a schedule of federal grants; program cost statement; balance sheet by accounting entity; statement of changes in fund balance by accounting entity; comparative statement of sources of revenue; and comparative summary of Plans I, II, and III. Because of the size of the State Compensation Insurance Fund, its detailed financial activity is shown in Section III.

The state's accounting system presently provides ten fund types, of which the Division uses four. The General Fund provides moneys to cover costs of the silicosis and social security offset benefit programs. The Special Revenue Fund accounts for moneys generated by the Division, chiefly from assessments levied against insurers and used to defray the cost of operations, and accounts for operational moneys received from the federal government. The Division has two federal sources of revenue, one from an OSHA statistics grant with the Bureau of Labor Statistics, and the other from a mine safety grant with the U.S. Department of Labor, Mine Safety and Health Administration. The Agency Fund consists of those bonds deposited with the Division by private insurance carriers to guarantee payment of benefits. The Expendable Trust Fund accounts for moneys deposited with the Division as custodian or agent, and includes the Subsequent Injury, Uninsured Employers, and Crime Victims' accounts.

The principal financial statements presented in this section are formatted in conformance with the recommendations presented by the Municipal Finance Officers Association in its publication, Governmental Accounting, Auditing, and Financial Reporting, 1980. Montana has adopted the recommendations and has incorporated them into the state treasury fund structure as of July 1, 1983.

DIVISION OF WORKERS' COMPENSATION  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1984

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	ACCOUNT GROUPS	TOTALS (Memorandum Only)
	General	Special Revenue	Trust And Agency	General Fixed Assets	June 30, 1984
<b>ASSETS</b>					
Cash	\$ 1,000	\$158,148	\$ 951,111	\$	\$ 1,110,259
Receivables*		237,665	8,045,974		8,283,639
Merchandise Inventory		20,894			20,894
Investments			67,083,495		67,083,495
Interest Purchased			62,815		62,815
Property Held in Trust			16,159,318		16,159,318
Equipment				1,589,310	1,589,310
Expense Advances to Employees		17,999			17,999
Other Prepayments	56,200	2,821			59,021
Available to Pay					
Accrued Expenditures	1				1
Total Assets	<u>\$57,201</u>	<u>\$437,527</u>	<u>\$92,302,713</u>	<u>\$1,589,310</u>	<u>\$94,386,751</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 341	\$307,831	\$ 172,269	\$	\$ 480,441
Accrued Support Expenditures	1	31,400			31,401
Contingent Liabilities			1,003,766		1,003,766
Allowance for Contingent Liabilities			(1,003,766)		(1,003,766)
Deferred Revenue		2,668	10,346		13,014
Deferred Losses			(6,526,922)		(6,526,922)
Bonds Held in Trust			20,406,952		20,406,952
Due to Consolidated Entity	56,859				56,859
Total Liabilities	<u>\$57,201</u>	<u>\$341,899</u>	<u>\$14,062,645</u>	<u>\$ 0</u>	<u>\$14,461,745</u>
<b>FUND EQUITY</b>					
Investment in General Fixed Assets	\$	\$	\$	\$1,589,310	\$ 1,589,310
Fund Balance		95,628	78,240,068		78,335,696
Total Fund Equity	<u>\$ 0</u>	<u>\$ 95,628</u>	<u>\$78,240,068</u>	<u>\$1,589,310</u>	<u>\$79,925,006</u>
Total Liabilities and Fund Equity	<u>\$57,201</u>	<u>\$437,527</u>	<u>\$92,302,713</u>	<u>\$1,589,310</u>	<u>\$94,386,751</u>

\*Net of Allowance for Uncollectibles

The notes to the financial statements are an integral part of this statement.

DIVISION OF WORKERS' COMPENSATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE—ALL GOVERNMENTAL FUND TYPES AND  
EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

	GOVERNMENTAL FUND TYPES		FIDUCIARY FUND TYPES	TOTALS (Memorandum Only) Year Ended
	General	Special Revenue	Expendable Trust	June 30, 1984
REVENUES:				
Licenses & Permits	\$	\$ 26,695	\$	\$ 26,695
Service Fees		1,525,780	54,000	1,579,780
Investment Earnings			7,591,171	7,591,171
Fines			477,933	477,933
Reimbursements		58,429		58,429
Fiduciary & Trust			37,265,183	37,265,183
Income Collections & Transfers		4,719,720		4,719,720
Federal Assistance		68,533		68,533
Total Revenues	\$ 0	\$6,399,157	\$45,388,287	\$51,787,444
EXPENDITURES:				
Administration	\$	\$2,388,694	\$	\$ 2,388,694
State Insurance Fund		2,296,952	42,893,800	45,190,752
Insurance Compliance	783,744	757,271	716,701	2,257,716
Safety		804,575		804,575
Total Expenditures	\$783,744	\$6,247,492	\$43,610,501	\$50,641,737
EXCESS OF CURRENT REVENUES OVER (UNDER) CURRENT EXPENDITURES	\$(783,744)	\$ 151,665	\$ 1,777,786	\$ 1,145,707
OTHER FINANCING SOURCES (USES):				
Prior Year Adjustments	\$ 11,127	\$ 40,756	\$ 1,978	\$ 53,861
Support From (To) General Fund	772,617			772,617
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	\$ 0	\$ 192,421	\$ 1,779,764	\$ 1,972,185
FUND BALANCE JULY 1, 1983	0	(96,793)	76,460,304	76,363,511
FUND BALANCE JUNE 30, 1984	\$ 0	\$ 95,628	\$78,240,068	\$78,335,696

The notes to the financial statements are an integral part of this statement.

DIVISION OF WORKERS' COMPENSATION  
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE—BUDGET AND ACTUAL—  
GENERAL AND SPECIAL REVENUE FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

	GENERAL FUND		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES:			
Licenses & Permits	\$	\$	\$
Service Fees			
Reimbursements			
Income Collections & Transfers			
Federal Assistance			
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES:			
Administration	\$ 0	\$ 0	\$ 0
State Insurance Fund			
Insurance Compliance	800,060	783,744	16,316
Safety			
Total Expenditures	<u>\$ 800,060</u>	<u>\$ 783,744</u>	<u>\$ 16,316</u>
EXCESS OF CURRENT REVENUES OVER (UNDER) CURRENT EXPENDITURES	<u>\$(800,060)</u>	<u>\$(783,744)</u>	<u>\$ 16,316</u>
OTHER FINANCING SOURCES (USES):			
Prior Year Adjustments	11,127	11,127	0
Support From (To) General Fund	<u>788,933</u>	<u>772,617</u>	<u>16,316</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER SOURCES (USES)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
FUND BALANCE JULY 1, 1983	<u>0</u>	<u>0</u>	<u>0</u>
FUND BALANCE JUNE 30, 1984	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SPECIAL REVENUE FUND			TOTALS (Memorandum Only)		
Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
\$ 26,000	\$ 26,695	\$ 695	\$ 26,000	\$ 26,695	\$ 695
1,515,000	1,525,780	10,780	1,515,000	1,525,780	10,780
	58,429	58,429		58,429	58,429
4,701,600	4,719,720	18,120	4,701,600	4,719,720	18,120
69,211	68,533	(678)	69,211	68,533	(678)
<u>\$6,311,811</u>	<u>\$6,399,157</u>	<u>\$ 87,346</u>	<u>\$ 6,311,811</u>	<u>\$ 6,399,157</u>	<u>\$ 87,346</u>
\$2,613,261	\$2,388,694	\$224,567	\$ 2,613,261	\$ 2,388,694	\$224,567
2,286,982	2,296,952	(9,970)	2,286,982	2,296,952	(9,970)
847,239	757,271	89,968	1,647,299	1,541,015	106,284
841,268	804,575	36,693	841,268	804,575	36,693
<u>\$6,588,750</u>	<u>\$6,247,492</u>	<u>\$341,258</u>	<u>\$ 7,388,810</u>	<u>\$ 7,031,236</u>	<u>\$357,574</u>
\$ (276,939)	\$ 151,665	\$428,604	\$(1,076,999)	\$ (632,079)	\$444,920
40,756	40,756	0	51,883	51,883	0
			788,933	772,617	(16,316)
\$ (236,183)	\$ 192,421	\$428,604	\$ (236,183)	\$ 192,421	\$428,604
(96,793)	(96,793)	0	(96,793)	(96,793)	0
<u>\$ (332,976)</u>	<u>\$ (95,628)</u>	<u>\$428,604</u>	<u>\$ (332,976)</u>	<u>\$ 95,628</u>	<u>\$428,604</u>

DIVISION OF WORKERS' COMPENSATION  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 1984

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preceding financial statements were prepared from the Statewide Budgeting and Accounting System. They include the financial activity of the Division of Workers' Compensation.

A. Basis of Presentation

The accounts of the state of Montana are, by statute, organized into the fund structure listed in Section 17-2-102, MCA. The financial statement presentation is made on the basis of that section.

B. Fund Structure

For financial presentation purposes, funds have been classified in accordance with Governmental Accounting, Auditing, and Financial Reporting, Statement 1. The funds and account groups presented, their relationship to the state treasury fund structure, and their purposes follow:

- 1) General Fund - To account for all financial resources not accounted for in another fund. This fund corresponds to the State General Fund within the state treasury fund structure.
- 2) Special Revenue Fund - To account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Activities in this fund incorporate federal funds received by the division plus earmarked revenue funds for administration of the workers' compensation, occupational disease, crime victims', and uninsured employers' acts.
- 3) Trust and Agency Funds - To account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds and (b) Agency Funds. Expendable trust funds include the trust funds established to pay wage loss and medical benefits. Agency funds include the bonds submitted by private insurance companies which the division is holding to cover any liabilities of the insurer.
- 4) Account Groups - To account for fixed assets and equipment owned by the division.

C. Basis of Accounting

The modified accrual method of accounting recognizes revenue at the time of receipt or when measurable and available, and expenditures when incurred. The division utilizes the modified accrual method of accounting, with the following exceptions:

- 1) If the appropriation provided funds to complete a given project, the entire amount of a service contract may be accrued even though the services are rendered in fiscal years subsequent to the fiscal year in which the expenditure is accrued.

- 2) The anticipated cost of equipment is expensed in the fiscal year in which budgeted.
- 3) Goods ordered, but not received as of the fiscal year end, may be accrued if the purchase order was issued in the fiscal year in which the anticipated expenditure is to be accrued.

D. Vacation and Sick Leave

Employees of the division accumulate both vacation and sick leave. Upon termination, employees are paid for 100 percent of unused vacation credits and 25 percent of unused sick leave credits accumulated after July 1, 1971. Accumulated unpaid liabilities for vacation and sick leave are not reflected in the financial statements of the Division of Workers' Compensation. At June 30, 1984, the division had a liability of \$219,075 for vacation leave and \$100,461 for sick leave.

E. Investments

The division's investments are made by the State Board of Investments and are controlled according to statutes applicable to the board. Investments, except mortgages, are presented in the balance sheet at original cost adjusted for discount and premium amortization where applicable. Mortgages are presented in the balance sheet at par value.

F. Bond Exchanges

Bond exchanges involve trading one security for another security having the same par value for the purpose of enhancing portfolio content and/or yield. The Board of Investments defers gains and losses resulting from bond exchanges and amortizes such gains and losses over the shorter of either the remaining life of the bonds sold or the bond purchases for replacement. As shown in the accompanying financial statements at June 30, 1984, the accumulated unamortized deferred costs on bond exchanges aggregated \$7,207,792, and deferred revenue on bond exchanges amounted to \$680,869.

G. Reserves

The State Compensation Insurance Fund employs an independent actuary to determine the adequacy of rates, reserves and restricted fund balance. A copy of the actuary's report as of June 30, 1984, is included as a part of this report. The financial statements for the State Fund have the reserves detailed individually.

H. Budgets

The state utilizes a fixed biennial basis of budgeting. Under this method, appropriations of a specific dollar amount are set for each year of the biennium. Budgets for the division are adopted by the Montana State Legislature for all operating entities.

I. General Fund Balance

The State's General Fund beginning and ending fund balance on a non-consolidated basis is zero since any balance in the fund is owed to the consolidated entity at fiscal year end.

## 2. INVESTMENTS

Following is a summary of investments managed by the Board of Investments at June 30, 1984:

State Compensation Insurance Fund:	Carrying Value	Market Value
Mortgages	\$ 230,867	\$ 230,867
Federal Securities	9,032,584	7,293,480
Corporate Bonds	<u>61,512,985</u>	<u>43,680,607</u>
	\$70,776,436	\$51,204,954
Unamortized Premiums	33,297	
Unaccumulated Bond Discounts	<u>(7,403,744)</u>	
	<u>\$63,405,989</u>	<u>\$51,204,954</u>
Uninsured Employers' Fund:		
Short Term Investment Pool	\$ 293,652	\$ 294,319
Federal Securities	<u>200,000</u>	<u>197,312</u>
	<u>\$ 493,652</u>	<u>\$ 491,631</u>
Subsequent Injury Fund:		
Corporate Bonds	\$ 2,381,000	\$ 1,912,030
Federal Securities	150,000	148,595
Short Term Investment Pool	<u>164,289</u>	<u>159,615</u>
	\$ 2,695,289	\$ 2,220,240
Unaccumulated Bond Discounts	<u>(198,053)</u>	
	<u>\$ 2,497,236</u>	<u>\$ 2,220,240</u>
Crime Victims' Compensation Fund:		
Federal Securities	\$ 500,000	\$ 487,658
Short Term Investment Pool	<u>188,677</u>	<u>182,681</u>
	\$ 688,677	\$ 670,339
Unaccumulated Bond Discounts	<u>(2,059)</u>	
	<u>\$ 686,618</u>	<u>\$ 670,339</u>
Net Investments	<u>\$67,083,495</u>	<u>\$54,587,164</u>

### 3. RETIREMENT PLAN

All employees of the division are participants in the Public Employees' Retirement System. This is a contributory plan whereby the state contributes 6.417% of employee gross wages for retirement and the employee contributes six percent of his gross wage. Costs incurred by the division under this plan were \$180,795. Employees are also covered by the federal Social Security system.

The state's policy is to fund accrued pension costs. At June 30, 1984, the Public Employees' Retirement System was determined to be actuarially sound.

### 4. BUILDING

The 47th Legislature appropriated funds for the construction of a Workers' Compensation Building. Annual payments on the building are expensed in the division's operating budget. During fiscal year 1984, a payment of \$135,888 was made. Future obligations on the building are as follows:

1985 —	434,550.00	1991 —	427,987.50
1986 —	434,462.50	1992 —	429,075.00
1987 —	433,100.00	1993 —	428,200.00
1988 —	430,462.50	1994 —	424,412.50
1989 —	431,337.50	1995 —	422,412.50
1990 —	430,512.50	1996 —	292,775.00

The long-term debt associated with the building is reported on the financial statements of the Department of Administration.

### 5. LITIGATION

A. The Montana Supreme Court recently decided against the State Compensation Insurance Fund in the case of Henry Willis versus Long Construction Company (41 St. Rep. 2050, Dec. 1984). The dispute involved the legality of discounting lump sum payments of compensation benefits. Before the court decision, benefits converted to a lump sum were discounted to present value. The Supreme Court held that state law does not permit such discounting.

The division has estimated the court ruling will cost the State Fund \$7 to \$8 million for claims existing at June 30, 1984, unless state law is revised. Additional liability will result from claims filed after June 30, 1984. The division will increase insurance fund premiums 15 percent on January 1, 1985, to compensate for the additional costs. The division is also submitting a request for legislative action to revise state law to allow discounting of lump sum settlements.

B. The Workers' Compensation Court recently decided against the State Compensation Insurance Fund in the case of Ronald Tiedeman versus Cooper Logging and State Fund, Workers' Compensation Court No. 8403-2406, Montana Supreme Court No. 84-500. The State Fund has appealed the Workers' Compensation Court's decision to the Supreme Court.

At issue is the question of adjusting a claimant's settlement regarding a subsequent injury for amounts previously awarded for injuries to that same body member. The Workers' Compensation Court held that in computing a claimant's entitlement to benefits the State Fund is not entitled to credit for any part of a previous award. At this point the potential financial impact of the case is not estimable, but it may have an adverse financial impact if the decision of the Workers' Compensation Court is upheld.

DIVISION OF WORKERS' COMPENSATION  
SCHEDULE OF FEDERAL GRANTS AND SUBGRANTS  
GRANT AWARDS, RECEIPTS, AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1984

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<u>Grant Name &amp; Number</u>	<u>Grant Award</u>	<u>Receipts</u>	<u>Expenditures</u>
U.S. Department of: Labor			
Mine Safety & Health Administration Training & Education of Miners, Operators and Agents in Mine Health & Safety #G2690213	\$35,014	\$33,755	\$33,755
Occupational Safety & Health Administration 7(C) 1 On-Site Consultation (OSHA/1908) #J9F-4-0981	71,200	56,676	56,676
Bureau of Labor Statistics-OSHA Statistical Grant Program #08-81-40-03-83	45,596	34,778	34,778

Grant award amounts are based on Federal fiscal year.

This statement provides the detail expenditure activity and the funding sources for each of the Division's four programs for the period ended June 30, 1984.

**PROGRAM COST STATEMENT  
(EXCLUDING STATE COMPENSATION INSURANCE FUND)  
FISCAL YEAR ENDED JUNE 30, 1984**

COSTS	Adminis- tration Program	State Fund Program	Compliance Program	Safety Program
Personal Services:				
Salaries	\$ 768,381	\$1,008,656	\$ 523,633	\$522,520
Employee Benefits	<u>156,396</u>	<u>213,295</u>	<u>108,269</u>	<u>112,332</u>
Sub-Total	<u>\$ 924,777</u>	<u>\$1,221,951</u>	<u>\$ 631,902</u>	<u>\$634,852</u>
Operating Expenses:				
Contracted Services	\$ 593,191	\$ 763,882	\$ 59,309	\$ 7,576
Supplies & Materials	15,965	35,218	17,949	24,611
Communications	21,969	133,011	39,281	20,910
Travel	4,748	24,394	18,550	83,297
Rent	110,121	0	1,692	7
Utilities	24,526	0	0	0
Repairs & Maintenance	11,227	19,448	7,096	8,610
Other Expenses	<u>66,424</u>	<u>4,349</u>	<u>1,471</u>	<u>1,680</u>
Sub-Total	<u>\$ 848,171</u>	<u>\$ 980,302</u>	<u>\$ 145,348</u>	<u>\$146,691</u>
Equipment	<u>\$ 118,025</u>	<u>\$ 51,522</u>	<u>\$ 450</u>	<u>\$ 2,231</u>
Transfers	<u>\$ 135,888</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Benefits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 771,725</u>	<u>\$ 0</u>
TOTAL PROGRAM COSTS	<u><u>\$2,026,861</u></u>	<u><u>\$2,253,775</u></u>	<u><u>\$1,549,425</u></u>	<u><u>\$783,774</u></u>
SUMMARY OF FINDING				
General Fund	\$ 0	\$ 0	\$ 783,744	\$ 0
State Special Revenue Fund	1,992,083	2,253,775	765,681	750,019
Federal Special Revenue Fund	<u>34,778</u>	<u>0</u>	<u>0</u>	<u>33,755</u>
TOTAL FUNDING	<u><u>\$2,026,861</u></u>	<u><u>\$2,253,775</u></u>	<u><u>\$1,549,425</u></u>	<u><u>\$783,774</u></u>

**BALANCE SHEET—JUNE 30, 1984**  
**(EXCLUDING STATE COMPENSATION INSURANCE FUND)**

		Earmarked Revenue Fund	Federal & Private Revenue Fund	
	General Fund	Division Administration	Mine Safety	OSHA Statistics
<b>ASSETS</b>				
Cash	\$ 1,000	\$ 151,318	\$ 2,540	\$ 4,290
Receivables		237,618	47	
Merchandise Inventory		20,894		
Investments				
Property Held in Trust				
Expense Advances to Employees		17,999		
Other Prepayments	56,200	2,821		
Available to Pay Accrued Expenditures	1			
<b>TOTAL ASSETS</b>	<u>\$57,201</u>	<u>\$ 430,650</u>	<u>\$ 2,587</u>	<u>\$ 4,290</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 341	\$ 303,218	\$ 2,315	\$ 2,298
Accrued Support Expenditures	1	140,079	27	4
Contingent Liabilities				
Allowance for Contingent Liabilities				
Deferred Revenue		435	245	1,988
Deferred Losses				
Bonds Held in Trust				
Due to Consolidated Entity	56,859			
<b>FUND BALANCE</b>		<u>(13,082)</u>		
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$57,201</u>	<u>\$ 430,650</u>	<u>\$ 2,587</u>	<u>\$ 4,290</u>

(1) In order to determine operating fund balance, Allowance for Contingent Liabilities (reserves) must be deducted from this figure.

Agency Fund

<u>Insurance Liquidation</u>	<u>Subsequent Injury</u>	<u>Uninsured Employers</u>	<u>Crime Victims' Compensation</u>
\$	\$ 48,044	\$ 25,143 146,481	\$ 52,117
13,654,000	2,497,789	493,954	688,272
<u>\$13,654,000</u>	<u>\$2,545,833</u>	<u>\$ 665,578</u>	<u>\$740,389</u>
\$	\$	\$	\$ 5,065
	(275,103)	(643,321)	(85,342)
	275,103	643,321	85,342
	(141,403)		
13,654,000			
	<u>2,687,236<sup>(1)</sup></u>	<u>665,578<sup>(1)</sup></u>	<u>735,324<sup>(1)</sup></u>
<u>\$13,654,000</u>	<u>\$2,545,833</u>	<u>\$ 665,578</u>	<u>\$740,389</u>

STATEMENT OF CHANGES IN FUND BALANCE  
(EXCLUDING STATE COMPENSATION INSURANCE FUND)  
FISCAL YEAR ENDED JUNE 30, 1984

	General Fund	Earmarked Revenue Fund Division Adminis- tration
	<u>          </u>	<u>          </u>
FUND BALANCE, JULY 1, 1983	\$ 0	\$ (622,903)
The Division administers various restricted accounting entities within each fund. Generally, the names of the accounts specify the purpose for which the account is used.	ADDITIONS	
	Legislative Appropriations	\$
	Receipts:	
	Licenses & Permits	26,695
	Service Fees	1,525,780
	Fines	
	Reimbursements	58,429
	Income Collections & Transfers	4,719,720
	Investment Earnings	
	Fiduciary & Trust	
	Federal Assistance	
	<u>          </u>	<u>          </u>
	TOTAL ADDITIONS AND FUND BALANCE	\$5,707,721
	<u>\$800,060</u>	<u>          </u>
This statement illustrates the year's receipt and disbursement activity upon the beginning fund balance for each of the accounting entities.	DEDUCTIONS	
	Support Expenditures	\$5,625,672
	Transfers	135,887
	Benefits	
	Reversions*	
	<u>28,042</u>	<u>          </u>
	TOTAL DEDUCTIONS	\$5,761,559
	<u>\$811,785</u>	<u>          </u>
	PRIOR YEAR ADJUSTMENTS	
	Revenue	\$ 2,546
	Expenditures	(38,210)
	<u>(11,725)</u>	<u>          </u>
	TOTAL ADJUSTMENTS	\$ 40,756
	<u>\$ 11,725</u>	<u>          </u>
FUND BALANCE JUNE 30, 1984	<u>\$ 0</u>	<u>(\$13,082)</u>

\* Expenses pertaining to the fiscal year that were not accrued at year end may be paid from the reversions.

Federal & Private Revenue Fund		Agency Fund		
Mine Safety	OSHA Statistics	Subsequent Injury	Uninsured Employers	Crime Victims' Compensation
<u>\$ (1,144)</u>	<u>\$ (8,836)</u>	<u>\$2,635,863</u>	<u>\$ 567,816</u>	<u>\$ 663,123</u>
\$	\$	\$	\$	\$
			54,000 101,193	376,740
		270,934	41,327 47,430	77,060 16,023
<u>33,755</u>	<u>34,778</u>			
<u>\$32,611</u>	<u>\$ 25,942</u>	<u>\$2,906,797</u>	<u>\$ 811,766</u>	<u>\$1,132,946</u>
\$33,755	\$ 34,778	\$	\$	\$
		219,561	118,710	57,113 340,509
<u>\$33,755</u>	<u>\$ 34,778</u>	<u>\$ 219,561</u>	<u>\$ 118,710</u>	<u>\$ 397,622</u>
\$ 1,144	\$ 8,836	\$	\$ (27,478)	\$ 0
<u>\$ 1,144</u>	<u>\$ 8,836</u>	<u>\$ 0</u>	<u>\$ (27,478)</u>	<u>\$ 0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$2,687,236</u>	<u>\$ 665,578</u>	<u>\$ 735,324</u>

This statement identifies, by source of revenue, the receipts collected during the fiscal years ended June 30, 1984, and June 30, 1983. All funds, except the General Fund, receive revenue collected by the Division from outside sources. Disbursements cannot be made until the Division collects and deposits these receipts in the proper fund within the Treasury System.

**COMPARATIVE STATEMENT OF SOURCES OF REVENUE  
(EXCLUDING STATE COMPENSATION INSURANCE FUND)  
FISCAL YEARS ENDED JUNE 30, 1984 AND JUNE 30, 1983**

	<u>1984</u>		<u>1983</u>
Licenses and Permits:			
Engineer Licenses	\$	\$ 26,695	\$ 30,267
Service Fees:			
Copies of Documents	12,094		4,425
Plan I Assessments	351,074		362,119
Plan II Assessments	1,420,092		1,327,242
Fatality Assessments	54,000		37,000
Total Assessments	<u>\$1,837,260</u>		<u>\$1,730,786</u>
Less Transfers To:			
Workers' Compensation Judge	(245,992)		(160,961)
Department of Labor	<u>(11,488)</u>	1,579,780	<u>(27,319)</u>
			1,542,506
Investment Earnings:			
Corporate Bonds	\$ 1,339		\$ 1,485
Industrial Bonds	144,972		288,766
Railroad Equipment Trusts	19,400		4,257
Public Utility Securities	77,022		187,253
Federal Agencies	92,700		98,900
Annual Modified Income	2,087		8,730
Short Term Investment Pool	<u>51,801</u>	389,321	<u>75,754</u>
			665,145
Fines:			
Motor Vehicle	\$ 376,740		\$ 403,404
Civil Penalties	<u>101,193</u>	477,933	<u>351,040</u>
			754,444
Reimbursements:			
On-Site Consultation	\$ 56,676		\$ 75,557
Insurance Company Reimbursement	680		5,774
OJT Reimbursement	744		376
Jury Duty & Witness Fees	<u>329</u>	58,429	<u>81,707</u>
Fiduciary & Trust:			
Penalties & Interest	\$ 39		\$ 3
Bad Debts Recovered	47,391		56,634
Recovery	16,023		3,104
Firemen's Relief Fund Contributions			353,713
Subrogation		63,453	<u>27,933</u>
			441,387
Income Collections & Transfers:			
State Compensation Insurance Fund	\$4,650,000		\$4,060,294
Crime Victims Assessments	47,068		73,749
Uninsured Employers Assessments	99,623		105,737
Total Transfers In	<u>\$4,796,691</u>		<u>\$4,239,780</u>
Less Transfers Out:			
Workers' Compensation Judge	(61,883)		(66,065)
Department of Labor	(35,982)		(63,221)
Workers' Compensation Dividend			795
Merchandise Inventory	<u>20,894</u>	4,719,720	<u>4,111,289</u>
Federal Assistance:			
Federal Department of Labor:			
Survey Program	\$ 34,778		\$ 35,497
Mining Education	<u>33,755</u>	68,533	<u>33,665</u>
			69,162
<b>TOTAL REVENUES</b>		<u><u>\$7,383,864</u></u>	<u><u>\$7,695,907</u></u>

## COMPARATIVE SUMMARY OF PLANS I, II, AND III

The Montana Workers' Compensation and Occupational Disease Acts allow employers to obtain the required insurance coverage by one of three methods: (1) self-insurance under Compensation Plan No. I, where firms with proven financial ability pay directly to the injured workers; (2) coverage with a private insurance company licensed to write workers' compensation insurance in Montana, known as Compensation Plan No. II; and (3) coverage with the State Compensation Insurance Fund, a state-operated insurance program, known as Compensation Plan No. III.

The following table compares the overall activity of the three plans for three fiscal years:

	<u>1981-1982</u>	<u>1982-1983</u>	<u>1983-1984</u>
<u>Plan I—Self Insurance</u>			
Number of employers enrolled	59	59	51
* Gross annual payroll	\$503,270,065	\$495,818,508	\$453,615,839
Number of work injuries reported	3,440	3,049	2,988
Number of claims filed	721	642	580
Occupational disease cases reported per federal standards	18	10	10
Compensation benefits paid	\$4,639,479	\$5,536,020	\$5,998,467
Medical & burial benefits paid	\$2,094,581	\$2,395,603	\$2,335,085
Fatality assessments	\$2,000	\$3,000	\$6,000
<u>Plan II—Private Carriers</u>			
Number of employers enrolled	9,556	9,651	9,676
* Annual premium	\$26,405,789	\$34,638,742	\$33,425,629
Number of work injuries reported	12,649	11,765	12,521
Number of claims filed	2,235	2,301	2,252
Occupational disease cases reported per federal standards	68	40	42
Compensation benefits paid	\$14,631,178	\$16,950,363	\$21,668,737
Medical & burial benefits paid	\$6,325,371	\$7,927,952	\$9,981,991
Fatality assessments	\$21,000	\$9,000	\$18,000
<u>Plan III—State Fund</u>			
Number of employers enrolled	22,399	22,732	23,610
Annual premium	\$33,130,446	\$32,689,000	\$37,032,670
Number of work injuries reported	15,864	14,903	15,834
Number of claims filed	2,845	2,611	3,060
Occupational disease cases reported per federal standards	85	51	54
Compensation benefits paid	\$18,994,422	\$22,447,940	\$25,753,121
Medical & burial benefits paid	\$8,438,557	\$9,682,244	\$12,141,318
Fatality assessments	\$19,000	\$26,000	\$30,000

\* Figures shown on calendar year basis.

### SECTION III STATE COMPENSATION INSURANCE FUND

Investment income in fiscal year 1984 grew by \$711,570 to \$7.2 million. The Fund's bond portfolio yielded 11.64 percent compared to 11.07 percent for fiscal year 1983.

Substantial growth in claims expense was also experienced. Claims expense rose from \$32.1 million last year to \$37.9 million in fiscal year 1984, an increase of 18 percent, and operational expenses increased to \$5 million. Claims processed and accidents reported to the State Fund increased by 7.9 percent. Rates were raised approximately 12 percent on July 1, 1984, to reflect these developments.

As in past years, the Division employed an independent actuary to review the financial and actuarial soundness of the State Compensation Insurance Fund. The report may be found on page 28 of this section. The actuary was also employed to review payroll and accident experience, recommend rate changes, and advise the Fund on claim reserving policies.

STATE COMPENSATION INSURANCE FUND  
BALANCE SHEET  
JUNE 30, 1984

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ASSETS

Cash in Treasury			\$ 825,807
Premium Receivable			7,810,759
Notes Receivable			185,510
Deferred Costs on Bond Exchanges			6,972,844
Adjusted Accounts Receivable			1,366
Property Held in Trust			2,505,318
Investments:			
Mortgages	\$ 230,867		
Federal Securities	9,032,584		
Corporate Bonds	59,920,985		
Securities on Loan	<u>1,592,000</u>	\$70,776,436	
Plus: Unamortized Premiums	\$ 33,297		
Interest Purchased	<u>60,306</u>	93,603	
Less: Unaccumulated Bond Discounts		<u>(7,403,744)</u>	
Net Investments			<u>63,466,295</u>
TOTAL ASSETS			<u><u>\$81,767,899</u></u>

LIABILITIES, RESERVES AND FUND BALANCE

LIABILITIES			
Dividends Payable Prior Year	\$ 25,123		
Adjusted Accounts Payable	142,081		
Advance Deposits	6,752,952		
Deferred Revenue	10,346		
Deferred Revenue on Bond Exchanges	<u>587,325</u>	\$ 7,517,827	
CLAIM RESERVES			
Compensation Benefits	\$61,254,794		
Medical Benefits	12,067,940		
Medical Only Benefits	<u>575,000</u>	73,897,734	
FUND BALANCE			
Restricted:			
Reserve for Contingencies	<u>352,338</u>	<u>352,338</u>	
TOTAL LIABILITIES, RESERVES AND FUND BALANCE			<u><u>\$81,767,899</u></u>

STATE COMPENSATION INSURANCE FUND  
STATEMENT OF OPERATIONS AND CHANGES IN RESERVES  
FOR FISCAL YEAR ENDED JUNE 30, 1984

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INCOME

Earned Premium		\$37,032,670
Interest Earnings on Investments		7,201,850
Other Income		<u>169,060</u>
Total Current Year's Income		\$44,403,580
Prior Year's Adjustments, Net		<u>29,456</u>
Total Income		\$44,433,036

EXPENSES

Claims Expenses:		
Compensation Benefits	\$25,753,121	
Medical Benefits	<u>12,141,318</u>	
Total Claims Expenses	<u>\$37,894,439</u>	
Other Expenses:		
Administrative Assessment	\$ 4,620,868	
Rehabilitation Assessment	222,969	
Structured Settlements-Interest	<u>155,524</u>	
Total Other Expenses	<u>\$ 4,999,361</u>	
Total Expenses		<u>42,893,800</u>
RESULTS OF OPERATIONS BEFORE CHANGES IN RESERVES		\$ 1,539,236
Less: Changes in Reserves:		
Compensation Benefits	\$ 5,993,856	
Medical Benefits	<u>740,067</u>	
		<u>6,733,923</u>
RESULTS OF OPERATIONS AFTER CHANGES IN RESERVES		<u>\$ (5,194,687)</u>
Changes to Fund Balance:		
Increases:		
Reserve for Contingencies	\$ (352,338)	
Decreases:		
Provision for Claim Fluctuation	1,272,600	
Provision for Medical and Hospital Cost Fluctuation	600,000	
Provision for Rate Stabilization	831,725	
Provision for Catastrophes	2,400,000	
Provision for Changes in Security Valuation	<u>442,700</u>	
Total Deductions		<u>5,194,687</u>
AVAILABLE FOR DIVIDEND DISTRIBUTION		<u>\$ 0</u>

STATE COMPENSATION INSURANCE FUND  
STATEMENT OF CHANGES IN FUND BALANCE  
FOR FISCAL YEAR ENDED JUNE 30, 1984

Fund Balance, Beginning of Year (as restated)	\$ 5,547,025
Decreases in Fund Balance:	
Current Year's Results of Operations	<u>5,194,687</u>
Fund Balance End of Year	<u><u>\$ 352,338</u></u>

The preceding statements reflect the financial activity and condition of the State Fund for the fiscal year ended June 30, 1984.

The balance sheet shows the financial status of the fund as of June 30, 1984. The changes in claim reserves and fund balance accounts were either calculated or reviewed by an independent actuary. Based on the actuary's recommendation, the previously used reserve accounts for "unreported claims," "reopened claims," and "claims expense" are not shown on the balance sheet as separate items, but are included in the other "claim reserve" accounts shown on the balance sheet.

The statement of operations and changes in reserves shows the fund's financial activity during the year.

**COATES  
HERFURTH &  
ENGLAND, INC.**  
ACTUARIES AND CONSULTANTS

February 26, 1985

Workers' Compensation Division  
Department of Labor and Industry  
State of Montana  
P. O. Box 4759  
Helena, Montana 59604-4759

Gentlemen:

We have examined the methods and procedures utilized by the Workers' Compensation Division of the Department of Labor and Industry of the State of Montana in the determination of its liabilities for compensation, hospital, medical and other benefits as of the close of its fiscal year ended June 30, 1984, under Compensation Plan #3, as set forth in the Workers' Compensation Act. Our examination included a determination of the appropriateness of the underlying methods and procedures, such review of the basic records as we considered necessary in the circumstances and an analysis of the results so obtained.

The resulting liabilities for benefits to be paid, so determined, may be summarized as follows:

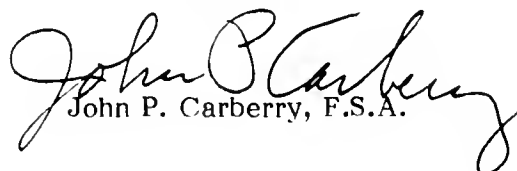
Compensation benefits	\$61,254,794
Medical benefits	12,067,940
Medical only benefits	<u>575,000</u>
Total	\$73,897,734

In addition to the above amounts for claim liabilities and reserves, the Fund is maintaining a contingency reserve of \$352,338.

In our opinion, the above claim liabilities are based upon the benefits provided under the Workers' Compensation Act of the State of Montana. Further, in our opinion, on the basis of the information and procedures referred to above, and upon our assumption that the procedures of the Division are adequate to properly establish and maintain records required for this purpose, such liabilities in the aggregate are reasonable and appropriate as of that date, and that the Fund is in a sound actuarial and financial position.

By following this procedure each year and by reviewing and adjusting the rates each year to reflect changing benefits and experience, in our opinion, the Fund can continue to be maintained on a sound actuarial and financial basis.

Sincerely yours,

  
John P. Carberry, F.S.A.

JPC/kf

## SECTION IV UNINSURED EMPLOYERS' FUND

In 1977, Montana Legislature enacted the provisions of the Uninsured Employers' Fund. The purpose of this Fund is to pay an injured worker the same benefits the employee would have received had the employer been properly enrolled with a workers' compensation insurer. The same Act provided that the primary revenue source for funding the Fund would be generated through fines and penalties assessed on uninsured employers in an amount of either double the premium the employer would have paid had he been properly enrolled with the State Compensation Insurance Fund or a minimum of \$200, whichever would be greater. The Act allows the Division to go back to July 1, 1977, in making a determination of the amount of fine and penalty due. The Act also provides that an uninsured employer is liable for all wage loss and medical benefits paid for the injured employee. However, it limits the employer's liability to \$30,000 per individual.

The benefit provisions of the Act are the same as those applied by the Workers' Compensation Act. The Division has authority to collect the amounts due through suit if necessary and, also, to compromise amounts due. In cases where the Division discovers an uninsured employer, the statute provides that it may order the employer to cease operations until the firm is properly covered by workers' compensation insurance. The employer who does not comply with this provision is guilty of a misdemeanor.

An injured employee has the option to elect to receive benefits from the Uninsured Employers' Fund or to pursue a damage action against the employer. Benefits paid from the Fund are not granted as an entitlement to injured workers and may be paid only in accordance with sums accumulated in the Fund. If the Division determines, at any time, that sums in the Fund are not adequate to fully pay all claims, the Division may take appropriate measures to proportionately reduce benefits to all claimants. In January of 1981, the Division declared the Fund insolvent, thereby eliminating benefits. As of this writing, the Fund is still insolvent.

### STATISTICAL ACTIVITY

	F/Y 1983	F/Y 1984
Number of Compensation Claims Paid	1*	0
Number of Investigations Made	712	897
Number of Audits Performed	55	198
Number of Employers Fined	239	176
Number of Accounts Referred for Collection	99	0
Amount of Billed Fines & Assessments Collected	\$128,762	\$101,193

### FINANCIAL ACTIVITY

	F/Y 1983		F/Y 1984	
	Amount	Percent	Amount	Percent
Revenue Sources:				
Fines & Penalties Billed	\$351,040	72.9%	\$199,862	58.3%
Fatality Assessments	37,916	7.9	54,000	15.8
Bad Debts Recovered	56,634	11.8	47,391	13.8
Interest Earnings	36,206	7.4	41,366	12.1
<b>TOTAL REVENUE</b>	<b>\$481,796</b>	<b>100.0%</b>	<b>\$342,619</b>	<b>100.0%</b>
Program Costs:				
Benefits Paid	\$ 5,917*		\$ 0	
Amount Referred for Collection	181,051		0	
Administrative Expense	123,082		118,710	
<b>TOTAL COSTS</b>	<b>\$310,050</b>		<b>\$118,710</b>	

\* Court-ordered settlement

## SECTION V CRIME VICTIMS' COMPENSATION

The Crime Victims' Compensation Act created by the Montana Legislature became effective January 1, 1978. It was the intent of this legislation to provide a method of compensation and assisting innocent victims who suffered bodily injury or death as a result of a criminal act. The Act creates a fund which receives 18% of the fines assessed by the Montana Highway Patrol on all offenses involving a violation of the Montana traffic codes relating to the use or operation of motor vehicles.

Compensation benefits are awarded both for wage loss and medical services. The weekly wage loss benefit awarded is set at two-thirds of the wages received at the time of the occurrence subject to a maximum of \$125 per week. The claimant must suffer a wage loss for one week before compensation is due, and then compensation is paid from the date wage loss began. Medical providers are reimbursed for reasonable services of a physician or surgeon, hospital care, and medicine. Additionally, funeral and burial expenses of the victim, not exceeding \$1,100 are paid if all other collateral sources have not covered these costs. Awards are limited by collateral sources, which include, but are not limited to, benefits readily available to the victim from the offender, the United States government, social security, medicare or medicaid, workers' compensation, wage continuation programs, or proceeds of an insurance contract.

To be eligible for benefits the victim must file a claim within one year from the date of the criminally injurious conduct, may not be an offender or accomplice of the offender, and must notify law enforcement of the occurrence within 72 hours. The victim must also cooperate fully with all law enforcement agencies and prosecuting attorneys in the apprehension and prosecution of the offender. Benefits may be denied or proportionately reduced if the victim contributed to the infliction of the injury. Compensation payable to the victim and all of the victim's dependents in case of death is limited to an aggregate of \$25,000. Awards of compensation benefits may also be made to victims who were employable but not employed at the time of the incident. Wage loss benefits in these cases are limited to \$100 per week or an aggregate of \$20,000.

### INCIDENT PROFILES

The victim, a male age 29, was serving a sentence on a criminal conviction. The victim claimed one of the other inmates threatened him for several days and then made a profane remark, whereupon the victim responded with a like remark. The victim was then struck in the face, breaking his nose and damaging his front teeth. The victim also complained of a broken hand. Investigation revealed there were two separate incidents, approximately two weeks apart. The victim originally said he fell on both occasions, once cutting his hand, and the next time loosening his front teeth. At a later time after each incident, the victim told the jailers he had been assaulted, but refused to give further statements and did not want to press charges.

Denied: the claimant did not fully cooperate with law enforcement, was serving a sentence of imprisonment, and there was no preponderance of evidence that the claimant met the requirements for compensation.

The victim, a male age 49, was working with his partner at their gold mine. The victim was shot in the lower back by an unknown assailant. The maximum amount was paid on the claim, and assistance was provided to the victim to complete an application for human resources.

Award: Medical Expenses - \$20,000

The victim, a male age 30, had on ongoing problem with his neighbor regarding animal problems. The neighbor was issued a citation relating to his dog. The neighbor confronted the victim in the victim's front yard, and assaulted the victim. The offender was found guilty of misdemeanor assault.

Award: Medical Expenses - \$464



	<u>FY/ 1983</u>	<u>F/Y 1984</u>
Victim Profile		
Sex:		
Male	134	164
Female	69	97
	<u>203</u>	<u>261</u>
Average Age:		
Male	27.7	30.5
Female	29.3	24.0
Age Range:		
Male	1-72	2-77
Female	6-85	2-90
Employment Status:		
Employed	101	98
Unemployed	70	95
Student	21	35
Retired	7	22
Child	4	11
	<u>203</u>	<u>261</u>
Location of Crime:		
Bar/Bar Lot	37	64
Field/Countryside/Park	13	18
Highway	12	7
Offender's Home	12	20
Other's Home	15	19
Public Business	13	15
School	0	4
Street/Alley/Lot	43	31
Victim's Home	42	52
Victim's Workplace	3	3
Victim's & Offender's Home	10	25
Other	3	3
	<u>203</u>	<u>261</u>

### FINANCIAL ACTIVITY

	<u>F/Y 1983</u>		<u>F/Y 1984</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Revenue Sources:				
City Motor Vehicle Fines	\$ 335	0%	\$ 0	0%
Highway Patrol Fines	403,069	80	376,740	80
Subrogation	27,933	6	0	0
Restitution Recoveries	3,104	1	16,023	3
Interest Earnings	66,114	13	77,060	17
	<u>\$500,555</u>	<u>100%</u>	<u>\$469,823</u>	<u>100%</u>
TOTAL REVENUE				
Program Costs:				
Benefits Paid	\$357,731	83%	\$340,509	86%
Administrative Expense	73,529	17	57,113	14
	<u>\$431,260</u>	<u>100%</u>	<u>\$397,622</u>	<u>100%</u>
TOTAL COSTS				

## SECTION VI WORK INJURY REPORTS

The Division, through its Administrative Support Bureau, Statistical Unit, collects a variety of statistics concerning the nature and cause of industrial work injuries. Accident data is coded from reports submitted by employers and employees, using the standardized coding system adopted by the Bureau of Labor Statistics. The following tables and graphs present this information on an annual basis. As of September 24, 1984, 31,343 accidents have been reported to the Division as occurring during the fiscal year ended June 30, 1984. These tables show the number of reported accidents, the cause of accidents by major industry, type of disability, nature of injury, part of body affected, accident type, source of injury, age and sex. The first table shows the total injuries reported over the past thirteen years. The following pages give a detailed analysis of the totals for the current fiscal year. Additional information from past years can be compiled as needed on a request basis, should employers have a need for such information.

A review of the tables presented in this section in relation to individual firms' accident experience can be of value in developing appropriate safety programs or improving existing programs. Currently, the Division participates with the U.S. Department of Labor in a safety consultation program. Division personnel perform on-site consultation inspections to assist employers in understanding or controlling these hazards successfully. Upon request, safety personnel perform these inspections at no charge to the employer.

## DEGREE INJURIES AFFECTED THE EMPLOYEE'S ABILITY TO RETURN TO THE NEXT SCHEDULED WORK SHIFT

With the implementation of the Division's Management Information System in 1976, a new coding format was instituted to better identify the effect an injury has on an employee's work attendance. Prior to fiscal year 1977, the accident was coded either as disabling, which meant the injured party was unable to return to the next scheduled work shift, or nondisabling, which meant that no work time was lost beyond the day of the accident. All accident information coded was from the initial report with no further adjustment effort.

The new reporting format allows the Division more flexibility in identifying lost time injuries. "Lost Time Injuries" refers to those cases where the employee had a medical cost associated with the accident and failed to report to the next scheduled work shift. "No Lost Time Injuries" refers to cases where there was a medical cost involved but the employee attended the next work shift. The minor injuries column refers to cases where a minimal medical cost was initially reported and the employee lost no work time, and therefore considered a minor injury under the OSHA standards. Cases where a firm determination could not be made as to medical cost or lost time were classified as "Unknown." The reader should be cautioned against attempts to make valid comparisons between the two reporting formats.

<u>Year</u>	<u>Total Injuries</u>	<u>Dis- abling</u>	<u>Percent of Total</u>	<u>Nondis- abling</u>	<u>Percent of Total</u>	<u>Undeter- mined</u>	<u>Percent of Total</u>
1971-72	22,439	6,180	27.5	15,005	66.9	1,254	5.6
1972-73	23,821	6,927	29.1	15,938	66.9	956	4.0
1973-74	27,097	8,394	31.0	17,733	65.4	970	3.6
1974-75	27,120	7,875	29.0	18,312	67.5	933	3.5
1975-76	29,415	8,589	29.2	19,591	66.6	1,235	4.2

<u>Year</u>	<u>Total Injuries</u>	<u>Lost Time Injuries</u>	<u>No Lost Time Injuries</u>	<u>Minor Injuries Not Recordable by OSHA Standards</u>	<u>Fatalities</u>	<u>Unknown</u>
1976-77	31,734	9,760	2,263	15,271	46	4,394
1977-78	32,060	9,668	2,172	16,965	50	3,205
1978-79	34,295	10,185	2,016	17,923	38	4,133
1979-80	34,736	10,306	2,297	18,258	37	3,838
1980-81	33,888	10,127	2,155	18,453	45	3,108
1981-82	31,953	8,903	1,253	18,099	44	3,654
1982-83	29,717	8,709	3,507	12,646	45	4,810
1983-84	31,343	9,597	4,514	6,682	48	10,502

## CAUSE OF FATALITIES WITHIN MAJOR INDUSTRY

The table below provides an overview of work fatalities in Montana by compensation plan during fiscal year 1984. Montana industries reported 48 work related fatalities this year, compared with 45 last year.

<u>INDUSTRY</u>	<u>PLAN I</u>	<u>PLAN II</u>	<u>PLAN III</u>	<u>TOTAL</u>
<b>AGRICULTURE</b>				
Struck by train .....	0	0	1	1
Vehicle accident .....	0	0	1	1
Struck by tractor .....	0	0	2	2
<b>CONSTRUCTION</b>				
Crushing head injury .....	0	0	1	1
Struck by falling tree .....	0	0	1	1
Electrocution .....	0	0	1	1
Vehicle accident .....	0	2	0	2
Truck/train collision .....	0	0	1	1
Plane crash .....	0	0	1	1
Semi hit cow .....	0	1	0	1
<b>FINANCE/INSURANCE/REAL ESTATE</b>				
Truck accident .....	0	0	1	1
<b>MANUFACTURING</b>				
Struck by swinging boom .....	0	1	0	1
Pickup rolled .....	0	0	1	1
Struck by falling tree .....	2	1	1	4
Struck by rolling truck .....	0	0	1	1
<b>MINING</b>				
Crushed by drill collar .....	0	1	0	1
Stabbed with knife .....	0	1	0	1
Vehicle accident .....	0	3	0	3
Barrel explosion .....	0	0	1	1
<b>PUBLIC ADMINISTRATION</b>				
Fall from moving truck .....	0	0	1	1
<b>SERVICES</b>				
Fall from ladder .....	0	0	1	1
Vehicle accident .....	0	1	1	2
Bus wreck .....	0	0	2	2
Helicopter crash .....	0	0	1	1
Struck by train .....	0	1	0	1
Crushed by front end loader .....	0	1	0	1
<b>TRADE</b>				
Inhalation of poisonous gas .....	2	0	0	2
Combine roll over .....	0	1	0	1
Vehicle accident .....	1	2	0	3
Heart attack .....	0	1	0	1
<b>TRANSPORTATION</b>				
Fall from power pole .....	1	0	0	1
Helicopter crash .....	0	0	1	1
Bus/semi collision .....	0	0	1	1
Plane crash .....	0	0	1	1
Vehicle accident .....	2	0	0	2
<b>TOTALS</b> .....	<u>8</u>	<u>17</u>	<u>23</u>	<u>48</u>

## NATURE AND OCCURRENCE OF WORK INJURIES IN MONTANA

The following narratives and tables reflect data on the nature and occurrence of work injuries as reported to and compiled by the Division. The Division classifies and codes reported accidents in accordance with uniform federal guidelines. As of September 24, 1984, employers and insurance companies reported a total of 31,343 industrial accidents occurring in the fiscal year ended June 30, 1984.

### Nature of Injury

The nature of injury identifies the injury in terms of its principal characteristics.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Burns .....	1,501	4.8
Open wounds.....	9,743	31.1
Strains .....	11,141	35.5
Fractures .....	2,340	7.5
Diseases .....	217	.7
Bruises .....	3,545	11.3
Multiple .....	209	.7
Other .....	451	1.4
Not classified .....	2,196	7.0
TOTAL .....	31,343	100.0

### Part of Body

The part of body identifies the part of the injured person's body directly affected by injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Head, face and neck .....	1,799	5.7
Eyes .....	3,303	10.5
Body systems .....	471	1.5
Trunk .....	2,918	9.3
Back and spine .....	6,669	21.3
Arms and wrists .....	2,637	8.4
Hands and fingers .....	6,865	21.9
Upper extremities .....	235	.7
Legs and ankles .....	3,737	11.9
Feet and toes .....	1,495	4.8
Lower extremities .....	71	.2
Body multiple .....	876	2.8
Not classified .....	267	1.0
TOTAL .....	31,343	100.0

### Accident Type

The accident type identifies the event which directly resulted in the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Struck by object .....	11,433	36.5
Caught in, on, or between .....	1,758	5.6
Slips and falls .....	3,910	12.5
Motor vehicle .....	566	1.8
Strain or overexertion .....	8,109	25.9
Temperature extremes .....	845	2.7
Electrical current .....	30	.1
Inhalation .....	996	3.2
Rubbed or abraded .....	2,168	6.9
Combinations .....	325	1.0
Not classified .....	1,203	3.8
TOTAL .....	31,343	100.00

### Source of Injury

The source of injury identifies the object, substance, exposure, or bodily motions which directly produced or inflicted the injury.

<u>Description</u>	<u>Number</u>	<u>Percent</u>
Animals .....	1,613	5.1
Atmosphere .....	176	.6
Body motion .....	2,985	9.5
Boilers .....	102	.3
Boxes and barrels .....	2,165	6.9
Buildings .....	724	2.3
Chemicals .....	963	3.1
Conveyors .....	120	.4
Dirt masses .....	238	.8
Electrical apparatus .....	288	.9
Flame and smoke .....	277	.9
Food .....	314	1.0
Furniture .....	712	2.3
Glass .....	567	1.8
Hand tools .....	3,224	10.3
Hoisting apparatus .....	393	1.3
Ladders .....	66	.2
Machines .....	1,051	3.3
Mechanical transmission .....	285	.9
Metal items .....	4,361	13.9
Particles .....	1,000	3.2
Textile .....	212	.7
Trees .....	2,108	6.7
Vehicles .....	2,175	6.9
Working surfaces .....	3,685	11.8
Miscellaneous .....	190	.6
Not classified .....	1,349	4.3
TOTAL .....	31,343	100.0

## Industry Group

These are the standard industrial classifications and provide an overview of experience by industry.

<u>Description</u>	<u>Number</u>	<u>Percent</u>	<u>Employment (thousands)*</u>
Agriculture .....	2,148	6.8	32.8
Mining .....	1,524	4.9	7.4
Construction .....	4,282	13.7	12.8
Manufacturing .....	5,555	17.7	22.2
Transportation & public utilities .....	1,918	6.1	16.7
Wholesale Trade .....	1,997	6.4	17.6
Retail Trade .....	5,078	16.2	58.5
Finance, insurance, real estate .....	270	.9	13.4
Services .....	6,415	20.4	57.3
Public administration .....	1,785	5.7	63.5
Not classified .....	371	1.2	
<b>TOTAL .....</b>	<b>31,343</b>	<b>100.0</b>	

\*Montana Employment, Wages and Contributions, Second Quarter 1984

## Work Injuries by Age and Sex

This table compares the work injuries for fiscal year 1984 by age group and sex. The median age of both injured male and female workers was in the 30-34 year age group.

<u>Age Group</u>	<u>Male</u>	<u>Female</u>	<u>Both</u>
Below 15 .....	15	3	18
15-19 .....	1,358	502	1,860
20-24 .....	4,855	1,208	6,063
25-29 .....	4,968	1,153	6,121
30-34 .....	3,816	860	4,676
35-39 .....	2,650	706	3,356
40-44 .....	1,841	584	2,425
45-49 .....	1,333	528	1,861
50-54 .....	1,037	380	1,417
55-59 .....	892	352	1,244
60-64 .....	528	173	701
65-69 .....	129	58	187
70-74 .....	44	10	54
Over 75 .....	23	4	27
Not classified .....	1,094	239	1,333
<b>TOTAL .....</b>	<b>24,583</b>	<b>6,760</b>	<b>31,343</b>







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